

SENATE FINANCE, WAYS, AND MEANS COMMITTEE

AMENDMENT NO. _____

Signature of Sponsor

AMEND Senate Bill No. 3156*

House Bill No. 3312

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

by deleting Section 1 and substituting instead the following:

Section 1. Title 67, Chapter 5, Part 2, Tennessee Code Annotated, is amended by adding the following new section.

Community and performing arts. (a) Subject to the application requirements of Section 67-5-212, real and tangible personal property owned and used by nonprofit community and performing arts organizations is eligible for property tax exemption as a charitable or educational use of property if the provisions of this section are complied with. Real property owned by such organizations is eligible for exemption to the extent it is used by the organization for public museums, art galleries, performing arts auditoriums and theaters, and any uses necessary and incidental to the foregoing. Personal property owned by such organizations is eligible for exemption to the extent it is used by the organization to equip and operate real property as set out above. Other personal property, regardless of its location, is eligible for exemption to the extent it is used for business or office operations of the organization or used in shows, exhibits or productions of the organization.

(b) The organization seeking exemption shall meet the following requirements:

(1) The property must be owned by a public benefit nonprofit organization established as either a nonprofit corporation or an

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unincorporated entity operating as an association, a trust or a foundation pursuant to written notice of governance.

(2) The association must be operated and governed by a board of directors of not less than ten (10) members all of whom are natural persons and all powers and affairs of the organization shall be exercised under the authority of the board of directors.

(3) Not more than three (3) members of the organization or its board of directors may be employees of the association.

(4) Other than as an employee, no member, officer or director shall be compensated for service as such.

(5) Other than for services as an employee, no member, director or officer of the organization, directly or indirectly, may sell or provide, for monetary remuneration, any goods or services to the organization. "Indirectly" means through a business organization of which the employee, member, director or officer of the organization or their spouse, child or parent owns more than a three percent (3%) interest in the business.

(6) No member, director or officer of the organization may lend money to the organization if the loan is secured by the organization's property.

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(7) Other than for services as an employee, no member, director or officer of the organization may profit from shows, exhibits or productions of the organization or have any monetary interest in shows, exhibits or productions of the organization.

(8) In the event the organization sells any of its property which has been exempt from taxation, it must notify the Attorney General of the State of Tennessee of its intent to sell the property at least twenty-one (21) but not more than sixty (60) days before the date of sale.

(9) The articles of governance of any unincorporated organization shall include the provisions set out above or be specifically incorporated by reference.

(10) The articles of governance of the organization, whether incorporated or not, and all amendments thereto shall be filed with the assessor of property in the county in which the organization owns exempt property. This requirement shall not be construed to override any other existing law as to filing of organizational documents.

(11) The organization shall annually supply the assessor of property with a report which includes a listing of activities and uses of the property, current statements of financial condition, and such further information as the assessor may require.

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(c) The exemption provided by this section shall be subject to approval of the county governing body, which may impose a requirement of periodic local review or renewal of exemption. The assessor of property shall maintain with his records for the property an estimate of the market value of the property as of the date of the last county-wide reappraisal.

AND FURTHER AMEND by deleting Section 2 and substituting instead the following:

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to applications or appeals pending before the State Board of Equalization on the effective date of this act. Any application or appeal pending on the effective date of this act seeking exemption of property used for the purposes hereinabove described may be amended to reflect a change in ownership of the property if such amendment is filed with the State Board of Equalization within ninety (90) days from the effective date of this act. Any community or performing arts organization which has an application or appeal pending before the State Board of Equalization on the effective date of this act has ninety (90) days from the effective date of this act to provide evidence of compliance with the terms of this Act. The Executive Secretary or Exemption Designee may extend this ninety (90) day period for an additional ninety (90) days.

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